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RR RUEHBZ RUEHDU RUEHJO RUEHMR RUEHRN
DE RUEHSB #0345/01 1081543

ZNR UUUUU ZZH

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FM AMEMBASSY HARARE

TO RUEHC/SECSTATE WASHDC 2802

RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

RUEHUJA/AMEMBASSY ABUJA 1928

RUEHAR/AMEMBASSY ACCRA 1933

RUEHDS/AMEMBASSY ADDIS ABABA 2055

RUEHRL/AMEMBASSY BERLIN 0618

RUEHBY/AMEMBASSY CANBERRA 1332

RUEHDK/AMEMBASSY DAKAR 1689

RUEHKM/AMEMBASSY KAMPALA 2111

RUEHNR/AMEMBASSY NAIROBI 4542

RHEHAAA/NSC WASHDC

RHMFISS/EUCOM POLAD VAIHINGEN GE

RUEHGV/USMISSION GENEVA 1190

RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

RHEFDIA/DIA WASHDC

RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 04 HARARE 000345

SIPDIS

AF/S FOR S.HILL

ADDIS ABABA FOR USAU

ADDIS ABABA FOR ACSS

NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN

TREASURY FOR J.RALYEAE AND T.RAND

STATE PASS TO USAID FOR L.DOBINNS AND E.LOKEN

COMMERCE FOR BECKY ERKUL

CIA WASHDC

SIPDIS

E.O.12958: N/A

TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: ZIM NOTES April 17, 2008

11. SUMMARY

Topics of the week:

- Still No Election Results, Court Rebuffs Opposition Demand
- Post-Election Violence Spreads, One Confirmed Death
- Scores of Opposition Arrested
- An Analytic Note On Violence
- Opposition "Stay-In" a Flop
- UN Security Council Deliberates Over Zimbabwe
- USAID, UN, And NGOs Planning For Potential Emergency Response-
- Court rules in favor of journalists
- Public Blames ZANU-PF And Sanctions For Dire State Of Economy
- The Indigenization and Economic Empowerment Bill Apparently In Effect
- Tax Man Backs Down
- Heavy Industry Down
- Cotton Season Underway
- The High Cost of Travel (or of Emigration)

12. Price Movements-Exchange Rate and Selected products

Parallel rate for cash shot to ZW\$82million:US\$1; bank transfer rate: Z\$105 million; official rate: ZW\$30,000:US\$1

Sugar more than doubled to Z\$200 million/2kg vs. controlled price of Z\$8million/2kg

*Cooking oil nearly doubled to Z\$200 million/750ml vs. controlled price of Z\$9.3million/750ml

Petrol and diesel soared to Z\$120 million/liter vs. controlled price

of Z\$60,000/liter

On the Political/Social Front

¶3. Still No Election Results, Court Rebuffs Opposition Demand...
Almost three weeks since elections, the Zimbabwe Electoral Commission (ZEC) has yet to release the results of the presidential ballot. In addition, the High Court on April 14 dismissed, with costs, an MDC appeal to compel ZEC to release the results. It also deferred a ruling that would put a stop to the ZEC's plans to recount results in 23 constituencies - 16 of which the opposition had won. At an April 14 press conference, the MDC reiterated its position that it had defeated Mugabe outright and would not participate in a runoff nor would it recognize a recount.

¶4. Post-Election Violence Spreads, One Confirmed Death...
Opposition parties and human rights groups have reported a massive surge in political violence orchestrated by regime insiders, including cabinet ministers and senior military and police officers.

Soldiers, police, war veterans, and youth militia have been deployed primarily, but not exclusively, to rural areas to intimidate the electorate and punish opposition supporters ahead of an anticipated second round of voting for the presidency. The public has been forced to attend daily ZANU-PF rallies throughout Mashonaland East and West, Masvingo, and Manicaland provinces (formally ZANU-PF strongholds where the opposition has made significant gains) to hear threats of more violence and a return to "war" if they do not support Mugabe. Civil society members, particularly those who acted in election observations, are also the target of intimidation and violence.

HARARE 00000345 002 OF 004

Since March 29, a total of 176 victims of post-election violence have required medical treatment - including 43 new cases in last 48 hours. More than 30 of these victims have required hospitalization for serious injuries. Injuries range from deep tissue damage as a result of prolonged beatings with blunt objects to fractures and abrasions; several of the victims exhibit multiple fractures to the hands and arms typical of defensive injuries. There has been one confirmed death of an MDC-Tsvangirai party activist beaten by ZANU-PF supporters. The pattern of attacks and escalating rhetoric is similar to campaigns unleashed in 2000 and 2002. See Harare ¶331.

As of last weekend, 31 white commercial farmers had been driven off their farms since the elections out of 128 farms under varying degrees of siege, according to the Commercial Farmers' Union. Seventeen of the 31 abandoned farms are located in Centenary in Mashonaland Central province.

¶5. Scores of Opposition Arrested... Zimbabwe Lawyer for Human Rights (ZLRH) reported today that at least 99 opposition members and supporters had been arrested or reported missing in the past 48 hours - most in Harare, but some in the Bindura and Mt. Darwin areas as well. Initial reports indicate that suspected central intelligence officers identifying themselves as plain clothes police took many of the individuals from their homes. Family members have reported other opposition activists missing. ZLHR lawyers have been camped out at Harare Central police station for the past two days trying to identify and gain access to the detainees.

¶6. An Analytic Note On Violence... As noted above, violence has surged. We do not see a situation similar to Kenya occurring. The violence is systematic, controlled, and orchestrated at the highest levels of ZANU-PF and is targeted against regime opponents. Unlike in Kenya, it is not ethnic in nature and is not spontaneous. We see no evidence of the opposition planning to respond violently; in fact the opposition MDC has continued to preach non-violence.

¶7. Opposition "Stay-In" a Flop... The MDC attempted an organized "stay-in," urging regime opponents to stay at home until election results were announced. The action was poorly organized and many people were unaware of it. Even among people who were aware of it, there were few supporters; most people are just concerned with

getting by and finding food on a day to day basis. Business has continued as usual in Harare.

¶18. UN Security Council Deliberates Over Zimbabwe... In a summit convened on April 16 by the present chair of the UN Security Council - South Africa - to discuss how the UN and AU can act to further peace and security, UN Secretary-General Ban Ki-Moon said, "The government and its supporters must desist immediately from violence and intimidation, act with restraint, respect human rights, and allow the electoral process to continue unfettered." US Ambassador to the UN Zalmay Khalilzad expressed the grave concern of the United States about the escalating politically-motivated violence perpetrated by security forces and ruling party militias that target opposition supporters in rural areas. Under headlines "Hands off Zim, UN told," The Herald reported today that Tanzanian President Kikwete assured the summit that "SADC was taking care of the situation in Zimbabwe."

¶19. USAID, UN, And NGOs Planning For Potential Emergency Response...

With violence escalating, humanitarian organizations are readying plans for a potential rapid response. The UN Country Team Crisis Group is meeting daily, and the UN Inter-Agency Standing Committee (IASC) is meeting weekly. The IASC Contingency Plan is up-to-date, and an Emergency Relief Supply and Capacity Matrix maps out humanitarian organizations, resources, and vulnerabilities in the country. Strong partners, including the International Organization for Migration, a consortium of NGOs, and the International Committee

HARARE 00000345 003 OF 004

of the Red Cross, have in-country and regional support capacity to carry out emergency programs should the need arise. However, their field presence is currently limited, reducing access to affected populations and information. Other concerns are lack of Ministry of Health capacity, the shortage of essential drugs and health care commodities, and inadequate communications networks. Post will continue to monitor developments and provide further updates as they become available. See Harare 343

¶10. Court Rules In Favor Of Journalists... Harare Magistrate Gloria Takundwa this week threw out the case against American citizen journalist Barry Bearak of the New York Times and British freelance journalist Stephen Bevan. Both had been arrested two weeks ago and accused of practicing journalism without accreditation. Their lawyer, Beatrice Mtetwa, a frequent defender of journalists and media rights in Zimbabwe, argued in a pre-trial hearing that the case, originally thrown out by the Attorney General's office the day after the arrests, had no merit, as practicing journalism without accreditation in Zimbabwe is no longer illegal under the newly amended Access to Information and Protection of Privacy Act (AIPPA). Furthermore, journalists can only be prosecuted on the recommendation of a statutory Media Council which has not yet been established. After prosecutors failed to show up to the pre-trial hearing, the Magistrate stated that "the State dismally failed to prove" its case. She also reprimanded police for having unlawfully detained the two journalists after the Attorney General had ruled there was insufficient evidence for a chargeable offense.

¶11. Public Blames ZANU-PF And Sanctions For Dire State Of Economy... A national survey by the Mass Public Opinion Institute in December, 2007 revealed greater pessimism over the state of the economy than a year ago and a marked increase in the number of respondents blaming ZANU-PF for the decline, especially in rural areas. Urban respondents, on the other hand, blamed "sanctions" firstly. Remittances played a significant role in paying for food and healthcare, especially among the aged. The survey found little support for the government's price blitz but a slight majority of respondents favored further indigenization of the economy. See Harare 324. On that note:

Economic and Business News

¶12. The Indigenization and Economic Empowerment Bill Apparently In Effect... The Indigenization and Economic Empowerment Bill, which was officially published after being signed by President Robert Mugabe last month but without implementing regulations, was republished today with a statement that it is now in effect. There

are still no implementing regulations, but Mugabe can be expected to state at tomorrow's independence day celebration that legislation is now in effect that will give Zimbabweans control over their resources, and he will undoubtedly use this as campaign propaganda in a runoff election.

¶13. Tax Man Backs Down... Following an outcry over punitive new tax brackets, the GOZ backed down this week and lowered the tax rate on top earners from 60% back down to 47.5%. In addition, it announced that income tax would kick in at Z\$1 billion (25% rate) annual earnings, not at the Z\$300 million threshold that had triggered a widespread outcry from labor unions and workers. The minimum wage for most sectors is Z\$2.5 billion (roughly US\$33 gross pay/month).

¶14. Heavy Industry Down... Sales volume at Astra Industries Ltd, an engineering and construction firm that also manufactures protective coatings, paints, and steel parts, declined 34% in the six months to end-February 2008 compared to the same period last year. The steel

HARARE 00000345 004 OF 004

division, however, had 15% higher sales volume mainly due to GOZ-subsidized farm mechanization projects. Apex Corporation of Zimbabwe last week announced plans to open a foundry, its core business, in Kitwe, Zambia. CEO George Khumala said demand was strong in Zambia and he expected the Zambian operation to spur exports to the DRC and Malawi. Driving the decision were the local difficulties in procuring raw materials (especially pig iron and coke) and electricity, waning local demand, and the challenge of retaining labor in Zimbabwe. Khumala also bemoaned the punitive rate of forex retention by the Reserve Bank and its stranglehold on the company's own earned foreign exchange.

¶15. Cotton Season Underway... Premature boll splitting of a sizeable portion of the cotton crop has propelled the cotton season off to an earlier start than expected, according to Cargill Cotton Zimbabwe Managing Director Priscilla Mutembwa. She said it could also result in a reduction in the crop size below the 300,000-320,000 MT that Cargill had anticipated. Seed cotton production was 260,000 MT in 2006 and 270,000 MT in 2007. Cotton is a major forex earner for Zimbabwe.

¶16. The High Cost Of Travel (Or Of Emigration)... The Herald reported a jump in the fee for an ordinary adult passport from Z\$5 million to Z\$500 million, while a passport processed within three working days now costs Z\$800 million. The Registrar General's office, however, told an embassy consular assistant who called anonymously to confirm the new fees that the cost of an adult passport issued within five working was now US\$220.

MCGEE